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SUBJECT: SINGAPORE EXPORTS CONTINUE TO SLIDE

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11. The GOS released export statistics for November showing a 17.5 percent year-on-year decline in non-oil domestic exports (NODX), continuing a now seven-month decline (see reftel). The drop was larger than market expectations of a 14.5 percent fall, and represented the worst monthly performance since 2002. Electronics exports, which make up 40 percent of NODX, were off 17.3 percent, part of a steady decline that has lasted nearly two years. Pharmaceutical exports were off 48 percent, the largest monthly drop since the pharmaceutical series began to be recorded in 2003. The remainder of Singapore's non-oil exports was off ten percent. Analysts tempered the news by noting that services exports are not included in the official statistics, and that while the value of exports has declined sharply, overall volumes have declined less so.

12. Singapore's top ten NODX markets were all in decline, particularly the E.U., United States and China, which sank nearly 30 percent for the month. Exports to other Asian economies dropped an average of 20 percent. Singapore's efforts to diversify export markets may be paying off as NODX to emerging economies jumped 41 percent in November, primarily to Latin America. Latin America is the destination for approximately four percent of Singapore's exports.

13. The results led some local analysts to continue their gloomy forecasts, predicting the fourth quarter will continue the negative growth seen in the previous two quarters. HSBC Bank's analyst suspects that the collapse in exports may push the Monetary Authority of Singapore to weaken the Singapore dollar further. However, she cautions that the decline in exports has more to do with the collapse in external demand than uncompetitive pricing, and the MAS will have little influence to improve matters.

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